

**MINUTES OF THE REGULAR MEETING OF THE PROVIDENCE
PUBLIC BUILDINGS AUTHORITY HELD ON MARCH 29, 2011 AT
400 WESTMINSTER STREET, PROVIDENCE, RHODE ISLAND**

A regular meeting of the Providence Public Buildings Authority (hereinafter "PPBA") was held on March 29, 2011 at 11:00 A.M.

MEMBERS PRESENT: Chairman Lloyd Granoff, Stanley Weiss, Thomas Deller, Richard Kerbel and William Vanech

OTHERS PRESENT: Alan Sepe, Acting Director of the Department of Public Property, Stephen Maceroni and William Fazioli of First Southwest, Karen S.D. Grande, Esq. and Susan Kiernan, Esq., Bond Counsel, Lewis LaClair of Albert Risk Management, three (3) representatives of the media and Mal A. Salvadore, Esq., General Counsel

Chairman Granoff called the meeting to order at approximately 11:06 A.M. and proceeded to introduce and welcome William D. Vanech of Oppenheimer Securities as a new member of the PPBA.

The Board then proceeded to items 3(A) of its agenda. Chairman Granoff inquired of the other members present if they had any questions or comments concerning the draft minutes of the Authority's annual meeting held on February 10, 2011. There being

none and upon motion of Richard Kerbel duly seconded by Stanley Weiss, it was unanimously:

VOTED: To approve of the minutes of the annual meeting of the Authority held on February 10, 2011 and adopt the same as the official minutes of the meeting of the PPBA held on such date and the Secretary of the PPBA is hereby directed to execute an original of such minutes and file the same with the books and records of the PPBA.

The Board then proceeded to item 5 of its agenda entitled “Bills and Communications” and received a report from Mr. Deller that he expected to complete his review of the invoices for the month within the next 1-2 days and anticipated submitting them to the Authority’s Trustee shortly thereafter.

The Board then proceeded to item 7(A) of its agenda and upon motion of Stanley Weiss duly seconded by Thomas Deller, it was unanimously

VOTED: To schedule monthly meetings of the Authority during the calendar year 2011 on the second Tuesday of each month.

The Board then proceeded to item 8(A) entitled “RESOLUTION AUTHORIZING THE ISSUANCE OF PROVIDENCE PUBLIC BUILDINGS AUTHORITY \$35,000,000 (VARIOUS CAPITAL PROJECTS) REVENUE

BONDS, 2011 SERIES A AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A SEVENTEENTH SUPPLEMENTAL INDENTURE, SCHEDULE NO. 15 TO THE MASTER LEASE AGREEMENT AND OTHER DOCUMENTS AND MATTERS IN CONNECTION THEREWITH.”

Mrs. Grande then distributed to all of the members present a four (4) page resolution for their review and consideration. A true copy of such resolution is attached to the minutes of this meeting. Mrs. Grande then outlined for all present the material terms of such resolution and specifically noted that (a) approval of the same would authorize the issuance of 2011 Series A Bonds in an aggregate principal amount not to exceed \$35,000,000 and (b) that approximately \$5,000,000 of the proceeds of such proposed bond issue would be used to fund new “green” energy improvements and about \$30,000,000 of the proceeds of such bond issue would be paid to the City to be used as working capital and as consideration for multiple real properties whose title was being transferred to the PPBA.

Chairman Granoff then inquired of the members present if they had any comments on the proposed resolution. Mr. Weiss then indicated that, although his heart goes out to Mayor Taveras concerning the current financial condition of the City, he had problems with this proposal as he believed it was not consistent with the primary purpose of the public buildings authority – specifically, to use bond

proceeds to fund renovations to existing public buildings or new construction. Mr. Weiss also stated that it would be a better solution to the City's current financial position if it obtained a bridge loan from the State. Additionally, Mr. Weiss stated that he had concerns about whether Mr. Kerbel or Mr. Deller had the necessary independence to participate in the consideration of this proposal given their full-time employment with the City.

Mr. Kerbel then responded that he had previously consulted with counsel and been advised that it was appropriate for him to serve as a member of this agency while also working for the City full-time. Mr. Kerbel further stated that it was not possible for the City to obtain a bridge loan from the State as Mr. Weiss had suggested and that the City needed to do this bond issuance to avoid the occurrence of a deficit during the current fiscal year.

Chairman Granoff then stated that he also had concerns about the independence of Mr. Kerbel and Mr. Deller in the consideration of this proposed bond issue and suggested that such members seek an ethics opinion from the Ethics Advisory Council to determine if it is appropriate for them to act upon this matter. Mr. Deller then questioned Messrs. Granoff and Weiss as to the timing of their statements about his independence in that he had been serving upon this Board for approximately seven (7) years and they had never voiced an objection. Additionally, Mr. Deller stated that it his belief that these bonds must be sold due to the reduction in State aid

received by the City from the State of Rhode Island of approximately \$50,000,000. Mr. Deller further stated that these bonds have to be sold to get the City through the current fiscal year and that such sale would support the future fiscal health and security of the City.

Mr. Weiss then asked the other members present what assurances, if any, does this Authority have that it will not receive a similar request from the new administration in the succeeding fiscal year and was advised by Mr. Kerbel that the new administration could not completely rule out such a future request, but at present did not include the same in its recently completed Financial Review Plan. Mr. Weiss then asked if the Board could table consideration of this resolution for 1-2 weeks to afford it time to seek such assurances. Mr. Kerbel then noted that such a delay was impractical in light of the City's most current financial projections.

Mr. Vanech then indicated that he sympathized with Mr. Weiss' concerns but would generally defer to the judgment of those individuals who run the City on a full-time basis. Mr. Vanech then asked if these bonds, if sold, would be cross-collateralized with any other bonds issued by the Authority and was advised by bond counsel that they would be cross-collateralized and also cross-defaulted.

Mr. Granoff then stated that he was reluctant to support this bond issue, particularly given the fact that the Authority had sold bonds

during November, 2010 to assist the City with its working capital requirements. He further believed that the City would likely have the same cash flow problems within 90 days and that this proposal was like an individual using a credit card's availability in full to meet normal and recurring obligations. Mr. Kerbel noted his disagreement with such position by stating that the City was borrowing against unencumbered assets and throughout the life of the proposed bond, there would be significant principal pay downs.

Mr. Vanech then interjected that the alternatives to the City were heinous and that it was important for the City to avoid receivership.

Following Mr. Vanech's comments, Mr. Maceroni advised the members present that the City presently repays about \$35,000,000 in principal annually on the Authority's borrowings and that the properties that would be used to collateralize this proposed bond issue (primarily, all schools) are essential public projects.

Mr. Granoff again noted his concern that the City will be in the same or worse financial condition in 90 days even if these bonds were sold. Mr. Kerbel responded to such comment by noting that if the most recent financial projections available to the City are accurate and the State pays the City what it is due, that will not happen.

Following such comment, Mr. Granoff asked Mr. Maceroni if the rating agencies had assigned a rating to the Authority's outstanding debt at

two steps above investment grade. Mr. Maceroni advised Chairman Granoff that he was correct.

There being no further discussion of this matter and upon motion of Richard Kerbel duly seconded by Thomas Deller, it was

VOTED: To adopt the “RESOLUTION AUTHORIZING THE ISSUANCE OF PROVIDENCE PUBLIC BUILDINGS AUTHORITY \$35,000,000 (VARIOUS CAPITAL PROJECTS) REVENUE BONDS, 2011 SERIES A AND AUTHORIZING AND APPROVING THE EXECUTION AND DELIVERY OF A SEVENTEENTH SUPPLEMENTAL INDENTURE, SCHEDULE NO. 15 TO THE MASTER LEASE AGREEMENT AND OTHER DOCUMENTS AND MATTERS IN CONNECTION THEREWITH.”

Messrs. Weiss, Deller, Kerbel and Vanech voted in favor of this resolution and Mr. Granoff voted against it.

The Board then proceeded to item 8(b) of its agenda which involved a proposed amendment to the public schools long term capital improvement program master agreement with Gilbane Building Company. Messrs. Salvatore and Sepe explained to the members present the salient terms of the proposed written amendment. There being no further discussion of this matter and upon motion of Thomas Deller duly seconded by Richard Kerbel, it was unanimously

VOTED: To adopt and approve of the amendment to the Providence

Public Schools Long Term Capital Improvement Program Master Agreement with Gilbane Building Company subject to the award of the same by the Board of Contract and Supply of the City and to authorize the Chairman as the Chief Executive Officer of the Authority to execute such amendment, a true copy of which is attached to the minutes of this meeting.

The Board then proceeded to item 9 of its agenda and upon motion of Thomas Deller duly seconded by Richard Kerbel, it was unanimously

VOTED: To close the meeting of the Board pursuant to R.I.G.L. § 42-46-5 (a) (2 and 5), as amended, for the specific purpose of discussing pending litigation, potential litigation and land acquisitions.

After holding such closed session and upon motion duly made and seconded, it was unanimously

VOTED: To reopen the meeting to the public in accordance with the provisions of the Open Meetings Law of the State of Rhode Island.

The Board then proceeded to review an insurance recommendation of Lewis LaClair with respect to its insurance program with Rhode Island Interlocal Trust. Specifically, Mr. LaClair presented the members present with a one-page instrument, a true copy of which is also attached to the minutes of this meeting, that he recommended be

executed by a duly authorized member of the PPBA to enhance the position of the PPBA.

There being no further discussion of this item and upon motion of Thomas Deller duly seconded by Stanley Weiss, it was unanimously

VOTED: To accept the recommendation of Lewis LaClair concerning the Authority's insurance program with the Rhode Island Interlocal Trust and authorize the Chairman to execute the one-page document attached to the minutes of this meeting.

There being no further business to come before the Board and upon motion duly made and seconded, it was unanimously

VOTED: To adjourn.

The meeting was adjourned at approximately 12:30 P. M.

Respectfully

submitted,

Thomas

Deller, Secretary